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relies on pre-paid wireless service as their *only* wireless option. These types of individuals include.

- young people who cannot meet credit or security deposit requirements;
- migrant and seasonal workers without a permanent address or other institutional prerequisites;
- people who are unwilling to enter into a long-term contractual commitment;
- senior citizens or public assistance recipients who are on a fixed incomes;
- individuals who want to control their telephone costs; and
- women and others who use them primarily for emergency or security purposes.

Since this population tends to be low-volume, low cost customers, they often are overlooked by wireless carriers who prefer high volume, high cost customers. Yet, we understand, there are nearly 10 million pre-paid wireless customers nationwide that are being served by companies such as TracFone and Vericon Wireless thereby documenting the critical role pre-paid service plays in meeting the needs of consumers. LULAC urges the FCC to pay particular attention to how the connection-based proposals will adversely affect pre-paid telephone providers who serve this unique audience. The goal of universal service must include fostering a marketplace that encourages providers to serve all customers; and the FCC must prevent obstacles from being erected. In addition, changes to the universal service funding mechanism must not impose a regressive charge for universal service on low-volume customers such as those mentioned above.

LULAC notes that a number of other public interest groups that represent large constituencies of low-income consumers, such as the Community Action Partnership, Rainbow-PUSH and the NAACP, share our concern about negative consequences of abandoning the revenue-based methodology. We also note industry groups, including mobile wireless carriers, small local exchange carriers, and state public utility commissions find fault with the various connection-based proposals on different grounds. Consequently, we urge the FCC to conclude that retention of the revenue based system, with the interim changes of December 13, 2002, is the correct path to follow.

Thank you taking our views into consideration and please do not hesitate to call upon us if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Hector M. Flores". The signature is fluid and cursive, with the first name "Hector" being more prominent.

Hector M. Flores,
LULAC National President